GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3272
ANSWERED ON:08.12.2000
INVESTMENT OF MUTUAL FUND IN THE STOCK OF FOREIGN COMPANIES
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Will the Minister of FINANCE be pleased to state:

(a) whether a High Level Committee was asked to consider the issueof allowing mutual fund investment in the stocks of foreign companies;

(b) if so, the main recommendations made by the Committee; and

(c) the steps bring taken to implement them?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a), (b) & (c) The High Level Committee on Capital Markets comprising representatives of the Reserve Bank of India, Securities & Exchange Board of India (SEBI) and the Department of Economic Affairs took a decision in August 1998 to permit mutual funds to invest in ADRs/ GDRs issued by Indian companies. This is subject to an overalceiling of US$ 500 million and a sub ceiling of 10% of the net assets upto a maximum limit of US$ 50 million for each mutual fund.

SEBI has so far received and cleared applications from five mutual funds to allow them to invest in ADRs/GDRs.